SIGA RESOURCES LIMITED

2001 ANNUAL REPORT

CORPORATE PROFILE

Siga Resources Limited is a Canadian Venture Exchange listed company with 12,048,809 common shares issued and outstanding. The Corporation's trading symbol is "SIG".

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NOTICE OF ANNUAL GENERAL MEETING

You are cordially invited to attend the Annual General Meeting of Siga Resources Limited at 10:30 A.M. on December 11, 2001 in the Conference Room at the offices of the Company, located at 400, 333 - 5 Avenue S.W., Calgary, Alberta T2P 3B6. Telephone: (403) 262-5075

REPORT TO SHAREHOLDERS:

Siga Resources Limited is postured for significant growth in the current fiscal year. During the past year, we focused on increasing our cash flow, significantly improving our gas to oil ratio, and reducing our abandonment and environmental liabilities.

We have completed several transactions to achieve our goals. We disposed of minor oil properties at Pembina (Keystone) and Queensdale, Saskatchewan, thus reducing abandonment costs and potential environmental clean-up costs. We also disposed of our interest in a marginal gas property at Provost (Brownfield). We acquired an interest in ten (10) producing gas wells at Niton, Alberta. The Niton property has a long reserve life and is viewed as a solid cash flow generating situation. At Eyremore, we acquired an additional 2.1% working interest in one well and participated in the successful drilling of a new well. A third well will be drilled on this property before year-end. We have acquired a 50% working interest in a drilling prospect at Vulcan, Alberta, where it is expected that a well will be drilled before year-end.

At year-end, our reserve life index averaged 16.4 years compared to 15.3 years the previous year. Proved gas reserves increased 49% to 879 Mmcf, with total BOE's increasing 15% from 162 MSTB to 187 MSTB. Net present value of total proved and probable, discounted at 10% increased 24% to $ 2,182M. Annual production for the year was 10.7 MBOE (29 Bbls/day).

Revenue for the year-ending June 30, 2001 was $341,602, a 64% increase over the $208,286 realized the previous year. The higher revenue is attributed primarily to new production that replaced production from properties that were disposed of. Total expenses for the year, including depletion and amortization were $341,251, a 58% increase over last years' $215,766. General and Administration expenses were $116,759, compared to $79,519 the previous year. The net income for the year, after depletion and amortization of $67,784, was $351 ($nil per share) compared to a loss of $7,480 ($0.001 per share) in the previous fiscal year. At June 30, 2001, the Company had a working capital position of $7,950.

The management of Siga is committed to fulfilling our obligation to you, the Shareholder. Our corporate objective is to achieve above average growth in the value of our common shares. We intend to achieve this goal by adding low cost reserves, enhancing current production from our existing properties and maintaining careful control of overhead and operating costs.

We wish to thank our Shareholders and the Board of Directors of Siga for their ongoing support and interest in the Company.

Kim A. McKay, President

HIGHLIGHTS

	June 30, 2001	June 30,2000	Percentage Increase (Decrease)
Financial			
Revenue	341,602	208,286	64
Cash provided by Operations	(21,644)	141,860	(115)
per share	$0.007	nil	
Net Income	351	(7,480)	105
per share	nil	nil	
Net Capital Expenditures	460,426	141,530	225
Long Term Debt	450,000	nil	
Shareholders Equity	179,961	179,610	-
Value of Proved plus Risked Probable Reserves before income taxes, discounted at 10%	1,852,900	1,494,400	24
Reserves (Proved plus Risked Probable)			
Oil and natural gas liquids (MSTB)			
Proven	41	64	(36)
Probable	33	22	50
Total	74	86	14
Natural gas (Mmscf)			
Proven	879	589	49
Probable	121	--	--
Total	1,000	589	70

PROPERTY REVIEW

BRUCE, ALBERTA

Siga owns a 100% working interest in a producing gas well at 6-17-50-16 W4M. During the past year, the well began producing water, and is currently shut-in. A surface pump will be installed on this well in the third quarter.

EYREMORE, ALBERTA

The Company owns a 5.82% working interest in a producing gas well located at 9-22-18-18 W4M, and a 7.5% working interest in a producing gas well located at 6-9-18-18 W4M. A third well will be drilled on these lands prior to the calendar year-end. Additional compression facilities are also expected to be installed next year.

PEMBINA, ALBERTA

Siga owns a 100% working interest before payout (60% after payout) in a producing oil well located at 8-12-47-9 W5M. There are two vertical infill locations on the property for future drilling.

NITON, ALBERTA

The Company owns small working interests in ten (10) producing Jurassic Rock Creek gas wells at Niton. The property has a 20 year plus reserve life remaining and was acquired for its low maintenance cash flow.

VULCAN, ALBERTA

Siga acquired a 50% working interest in leases covering 896 hectares (3.5 sections) and related 2-D seismic data in an Upper and Lower Belly River gas/Ellerslie oil prospect at Vulcan, Alberta. The seismic has identified several drillable locations, and it is expected that the first well will be drilled before the calendar year-end.

HERRONTON

At Herronton, Siga owns a 75% working interest in a marginal gas well on a 256 hectare lease. We intend to conduct some remedial work on our well at Herronton 11-9-21-25 W4M to improve production early in the year.

We have farmed out the shallow rights and expect that a Belly River test well will be drilled prior to year-end.

AUDITORS' REPORT

October 22, 2001

To the Shareholders of Siga Resources Limited:

We have audited the balance sheets of Siga Resources Limited as at **June 30, 2001 and June 30, 2000** and the statements of operations and deficit and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at **June 30, 2001 and June 30, 2000** and the results of its operations and its cash flow for the years then ended in accordance with generally accepted accounting principles in Canada.

Garrett Power

Garrett Power
Chartered Accountants
Calgary, Alberta

BALANCE SHEET

ASSETS		June 30 2001		2000
Current Assets:				
Cash	$	9,419	$	402
Accounts receivable (Note 7(a))		59,535		71,396
Prepaid expenses		2,484		4,900
		71,438		76,698
Capital assets (Note 3)		776,298		382,151
	$	**847,736**	$	**458,849**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable (Note 7(b))		63,488	$	229,725
Long term debt (Note 4)		450,000		-
Due to related parties (Note 7(c))		105,000		-
Site restoration costs		49,287		49,514
Shareholders' equity:				
Share capital (Note 5)		1,221,440		1,221,440
Deficit		(1,041,479)		(1,041,830)
		179,961		179,610
	$	**847,736**	$	**458,849**

Approved By The Board of Directors:

Director

Director

STATEMENT OF OPERATIONS AND DEFICIT

	Year-ended June 30 2001	2000
Revenue:		
Production, net of royalties	$ 341,602	$ 208,286
Expenses:		
Depletion and amortization	67,784	29,008
General and administrative (Note 7(b))	116,759	79,519
Interest on long term debt	15,936	-
Operating	140,772	107,239
	341,251	215,766
Income (Loss) for the year	351	(7,480)
Deficit at beginning of year	(1,041,830)	(1,034,350)
Deficit at end of year	$ (1,041,479)	$ (1,041,830)
Basic Earnings (Loss) per share	$ 0.000	$ (0.001)

STATEMENT OF CASH FLOW

	Year-ended June 30 2001		Year-ended June 30 2000
Operations:			
Loss for the year	$ 351		$ (7,480)
Add: Item not requiring a current cash flow -			
Depletion and amortization	67,784		29,008
Site restoration payment	(1,732)		-
Funds provided by operations	66,403		21,528
Change in non-cash working capital (Note 9)	(88,047)		120,332
Cash provided by operations	(21,644)		141,860
Financing:			
Increase in long term debt	450,000		-
Advances from related parties	105,000		-
Cash provided by financing	555,000		-
Investing:			
Acquisition of capital assets	(745,669)		(141,530)
Proceeds on disposal of capital assets	285,243		-
Change in non-cash working capital	(63,913)		-
Cash used in investing	(524,339)		(141,530)
Increase in cash	9,017		330
Cash at beginning of year	402		72
Cash at end of year	$ **9,419**		$ **402**

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2001

1. Significant accounting policies:

Exploration and development costs -

The Company follows the full cost method of accounting for exploration and development expenditures whereby all costs directly related to the exploration for and development of petroleum and natural gas reserves are capitalized. All expenditures accumulated are depleted or amortized using the composite unit-of-production method based on estimated proven reserves as determined by independent petroleum engineers. Gas volumes are converted to equivalent oil volumes based upon the relative energy content of six thousand cubic feet of gas to one barrel of oil. Proceeds on the disposal of properties are applied against capitalized costs. Gains or losses are recognized only if such treatment alters the depletion rate by more than 20%.

Oil and gas properties are subject to a ceiling test under which their carrying value, net of the accumulated provision for site restoration and abandonment costs and deferred income taxes, is limited to the undiscounted future net revenue from production of estimated proven oil and gas reserves, based on June 2001 average prices (oil - $42/bbl; gas $4.60/mcf), plus the unimpaired value of non-producing properties less future administration, financing, site restoration costs and income taxes.

Site restoration costs -

Site restoration costs are accrued based on estimates made by management and are charged against earnings as depletion expense.

Joint venture accounting -

A substantial part of the Company's operations are carried out through joint ventures. The financial statements reflect only the Company's proportionate interest in such activities.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2001 (cont'd)

Measurement uncertainty -

The amounts recorded for depletion, depreciation and amortization of petroleum and natural gas properties and equipment and the provision for site restoration costs are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates, are subject to measurement uncertainty and the effects on the financial statements of changes in such estimates in future periods could be significant.

2. Change in accounting policy:

In 2000, the Company adopted the CICA Handbook Recommendation 3654 relating to future income tax liability. The change had no impact on net income.

3. Capital assets:

Capital assets are recorded at cost and are comprised of the following:

	June 30 2001	June 30 2000
Petroleum and natural gas assets	$ 1,737,661	$ 1,281,420
Other assets	18,557	23,957
	1,756,218	1,305,377
Accumulated depletion and amortization	979,920	923,226
	$ 776,298	$ 382,151

There were no general and administrative costs capitalized in either year.

4. Long term debt:

The long term debt consists of a revolving line of credit loan bearing interest at prime plus 1.75%. Although the loan is payable on demand, management does not anticipate any principal repayments will be required in the next year.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2001 (cont'd)

The loan is secured by a general security agreement covering all present and after acquired property and a first fixed and floating charge debenture of $1 million over the assets in the Company.

5. Share capital:

Authorized share capital of the Company consists of an unlimited number of common voting shares, unlimited number of first preferred shares and an unlimited number of second preferred shares. No preferred shares have been issued.

a) The following summarizes the movement in the share capital account for the year:

	Number of shares June 30 2001	2000
Opening and closing balance	# 12,048,809	# 12,048,809

	Amount June 30 2001	2000
Opening and closing balance	$ 1,221,440	$ 1,221,440

b) Pursuant to a stock option plan for directors, officers and consultants, there were 1,140,000 options outstanding at June 30, 2001. The options entitle the holders to acquire 1,140,000 common shares of the Company for $0.05 per common share. All stock options have vested. If not exercised, these options will expire in November 2005. Common shares were reserved at June 30, 2001 to meet the requirements of the stock options.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2001 (cont'd)

6. Income taxes:

The Company has non-capital losses for income tax purposes of approximately $515,700 which are available to be carried forward, and applied against future taxable income. If unused, these losses will expire at various times to the year 2008. The Company's income tax value of assets exceeds their book value by $549,200. The potential benefit of these amounts has not been recognized in these financial statements.

7. Related party transactions:

a) Accounts receivable include $4,641 (2000 - $36,995) from a company controlled by a director. The balance is expected to be repaid in fiscal 2002.

b) General and administrative expenses include $8,060 (2000 - $5,955) of charges by a company controlled by a director relating to the Company's share of rent. This company also charges amounts for postage, courier and other office expenses based on actual usage. At June 30, 2001, $9,046 (2000 - $1,076) was included in accounts payable.

c) The amounts due to related parties bear interest at 9% and have no fixed terms of repayment. The companies have indicated that they will not demand repayment in fiscal 2002. The companies are controlled by an individual, who is a shareholder and director of Siga Resources Limited. Interest paid in the year to related parties amounted to $1,178. These companies also participate in various oil and gas ventures with the Company.

8. Financial instruments:

The Company's financial instruments that are included in the balance sheet are comprised of accounts receivable and accounts payable. The fair value of these financial instruments, approximate their carried amount.

A substantial portion of the Company's accounts receivable, are with customers in the oil and gas industry and are subject to normal industry credit risk.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2001 (cont'd)

9. Statement of cash flow:

The changes in non-cash working capital are comprised of:

	2001	2000
Decrease (increase) in accounts receivable	$ 11,861	$ (15,572)
Decrease (increase) in prepaid expenses	2,416	(2,455)
Increase in accounts payable	0	138,359
	$ 14,277	$ 120,332

Cash interest paid on long term debt amounted to $15,930 (2000 - $nil).

CORPORATE INFORMATION

Head Office

Suite 400, 333 - 5 Avenue S.W.
Calgary, Alberta T2P 3B6
Telephone: (403) 262-5075
Facsimile: (403) 265-3357

Auditors

Garrett Power Chartered Accountants
Calgary, Alberta

Directors

Murray J. Berg, Chairman of the Board
Kim A. McKay, Presidnet
Robert S. Bruce
Tibor Fekete
John L. Reid-Bicknell

Solicitors

Macleod Dixon
Calgary, Alberta

Officers

Murray J. Berg, Chairman of the Board
Kim A. McKay, President
Christine Tapuska, Corporate Secretary

Bank

Alberta Treasury Branches
2nd Floor, 239 – 8th Avenue S.W.
Calgary, Alberta

Listing Information

Canadian Venture Exchange
Symbol: "SIG"

Standard Abbreviations

BBL = Barrel
MCF = Thousand cubic feet
BOE = Barrel of oil equivalent (gas converted to oil @ 6 MCF equal to 1 BBL)
BOPD = Barrels of oil per day
MCFD = Thousand cubic feet per day